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## Audit and Risk Committee

**11<sup>th</sup> June 2025**

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### **Provisional Revenue Outturn Report 24/25**

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#### **Report by:**

Accountancy Services Manager (Section 151 Officer)

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#### **Officer Contact:**

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#### **Purpose**

This report is for noting and informs Members of the revenue outturn position for 24/25, along with the associated risks and potential ongoing impact

#### **Recommendations**

It is recommended that the revenue outturn position for 24/25 and actions arising be noted.

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### **1. Summary**

- 1.1. This report identifies Council expenditure and income for 24/25 compared to the original budget. The overall position for 24/25 results is an improvement in the expected General Fund reserve position, which is £3.89m better off than the 2024/25 Original Budget, (measured against the 2025/26 budget assumption this is £2.5m better).
- 1.2. Net Service level budgets were underspent by £1.6m in 24/25, predominantly due to additional income.

- 1.3. Non-service level budgets were underspent by £3.9m in 24/25, predominantly due to a one-off gain of £1m from the disposal of the Councils investment in the CCLA property fund, additional interest (£0.8m), business rates (£0.8m) and grant income (£0.4m).
- 1.4. There was a reduced use of earmarked reserves in 24/25 against the Original Budget of £1.7m (see Appendix 3)
- 1.5. Appendix 1 covers the key variations, actions and risks at the service and non-service level for 24/25
- 1.6. Appendix 2 covers the potential ongoing impact of the outturn position on future years budgets. Initial evaluation suggests there is a potential overall gain of between £530k and £1,960k that could be adjusted to ongoing budgets to be reviewed as part of the budget process.
- 1.7. Appendix 3 shows the impact on the earmarked and unearmarked reserves positions as a result of the 24/25 outturn position.
- 1.8. Appendix 4 shows the supplementary estimates approved during 24/25 and the estimated financial impact on 24/25, with the remainder of the spend to be realised in future years.
- 1.9. The figures reported are provisional and subject to external audit

## 2. Budget Forecast

- 2.1. Although Appendix 1 highlights that the General Fund position for 24/25 was £3.89m better than the Original Budget, a significant proportion of this has already been allowed for in 25/26 budgets and onwards.
- 2.2. The 25/26 Budget report presented to Council in February 2025 highlighted a forecast budget gap for 26/27 of just under £2.6m. The table below highlights the potential range of the gap that could occur for 26/27 given the outturn position for 24/25 and the ongoing impacts that could occur. More detail is provided on each of these movements in Appendix 2.
- 2.3. Further analysis and work will be done throughout the budget process to finalise any ongoing impacts to budgets and determine the potential budget gap for 26/27 onwards as a result.

Description	Downside Case	Upside Case
	£000s	£000s
<b>25/26 Budget Report Forecast gap for 26/27</b>	<b>2,579</b>	<b>2,579</b>
Appendix 2 Total Variations	(530)	(1,960)
<b>Updated Forecast gap for 26/27</b>	<b>2,049</b>	<b>619</b>

## 3. Reserves

- 3.1. Appendix 3 highlights the movements on the earmarked reserves and unearmarked reserves for 24/25 against the latest forecast position presented in the 25/26 Original Budget report to Council in February

- 3.2. The appendix shows that earmarked reserves balances were just under £1m higher than forecast in the 25/26 budget report. This was predominantly due to a £0.9m variation on the Chelmsford Development Reserve which is a delay in use of the reserve till future years.
- 3.3. The Budget report for 2025/26 allowed for £1.4m of additional General Fund reserve based on financial monitoring in November. The General Fund position at outturn is £2.5m better than the forecast in the 25/26 budget report due to the variations outlined in Appendix 1 of this report.
- 3.4. The additional £2.5m in General Fund balances at the end of 24/25 will need to be considered as to its use. Some options are to set aside the additional amount for Local Government Reorganisation costs for restructuring/implementation and/or future capital contributions. Additionally, an actuarial review of the Council's self-insured risks suggests an extra £0.5m should be added to the insurance reserve.

#### 4. Supplementary Estimates 24/25

- 4.1. Appendix 4 highlights the supplementary estimates approved during 24/25 against the £300k provision during the year.
- 4.2. A total of £365k worth of supplementary estimates were approved during the year, with the impact on 24/25 being an expected £132k worth of spend. The remainder will be spent in future years. The majority of the supplementary estimates were for one-off spend, with the ongoing elements already reflected in 25/26 budgets.

#### 5. Conclusion

- 5.1. The revenue outturn position for 24/25 shows an improved position for the General Fund position due to net underspends and the service and non-service level.
- 5.2. Some of these net gains have already been reflected in 25/26 budgets and onwards, but there are further gains that could be reflected in future budgets as shown in Appendix 2 and the table above.
- 5.3. Income in particular was higher across the Council in 24/25 against the budget and against the latest forecasts throughout the year. The revenue monitoring process will be looked at in 25/26 to try to avoid in future a pessimism bias on income forecasts by services and accountancy. Interest estimates for 2025/26 have already allowed for greater upside risk, but the position will be monitored and considered in the budget process.
- 5.4. It is difficult to evaluate if the gains on Government grants are ongoing, given the Government's current review of its next 3-year spending plans and commitment to change funding allocations to Councils in 2026/27.
- 5.5. Budgets will be reviewed again throughout the budget process in order to understand what the latest forecast budget gaps for 26/27 and beyond are.

List of appendices:

Appendix 1 – Chelmsford City Council Outturn Position – 24/25

Appendix 2 – Potential Ongoing Budget Changes

Appendix 3 – Reserves Outturn Position

Appendix 4 – Supplementary Estimates Approved in 24/25

Background papers:

Nil

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Corporate Implications

Legal/Constitutional:

None

Financial:

As detailed

Potential impact on climate change and the environment:

None

Contribution toward achieving a net zero carbon position by 2030:

None

Personnel:

None

Risk Management:

None

Equality and Diversity:

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

None

Health and Safety:

None

Digital:

None

Other:

None

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Consultees:

None

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Relevant Policies and Strategies:

None

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#### Summary Outturn Position

This dashboard highlights the outturn position for spend, income and reserve movements for 2024/25 against the Original Budget.

The report shows **the improvement of the General Fund position**, which is **£3.89m better off than the Original Budget** due to the key variations:

#### Favourable Variations:

- £1,219k net underspend on TA costs due to reduced households and cost per case compared to budget
- £750k additional Business Rate Retention income released to the General Fund
- £916k additional net service income from various one-off grant schemes (predominantly housing related)
- £1,376k additional interest earnings and reduced interest/borrowing costs
- £354k net underspend on utilities
- £753k additional income from Leisure centres
- £528k additional net income from the Theatre (including £65k gain due to the Cultural VAT Exemption scheme)

#### Adverse Variations:

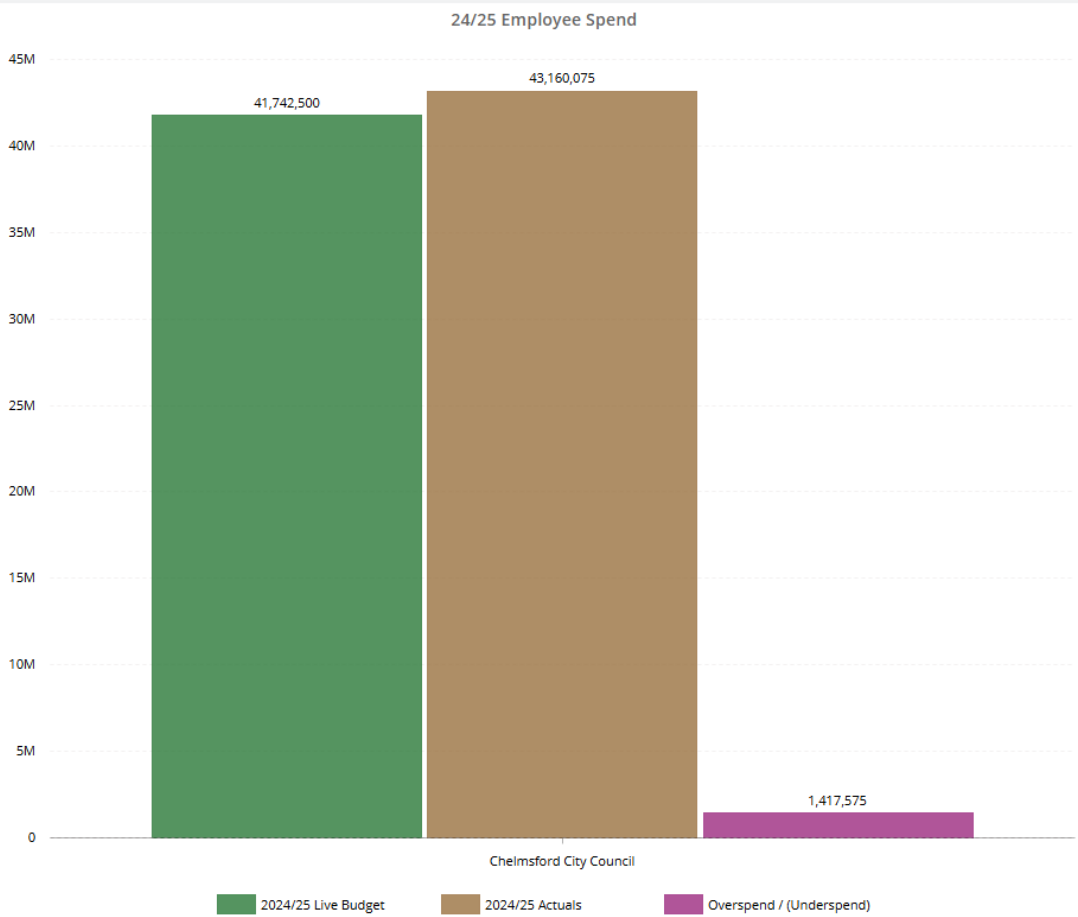
- £400k estimated overspend due to the additional cost of the approved pay award
- £511k reduced income at the Crematorium due to lower mortality rate and increased competition across Essex
- £821k overspend on vehicle fleet, building maintenance and software costs to be investigated
- £395k overspend on HB Subsidy (non-TA related)

The outturn position highlights an overspend on employee costs of £1.4m (including the approved pay award), an overspend of £1.0m on other expenditure and additional income of £4.4m, resulting in a net service underspend of just over £2.0m before HB subsidy. After the HB subsidy variation, the net service underspend is £1.6m. Expenditure at the service level was higher than budgeted in 24/25, but this is at least in part due to generating additional income.

Non-service variations including additional interest income, business rates income and grant income, total £2.9m. Earmarked reserves were £1.7m underused against the budget. Adding all of these variations together brings you to the £3.89m variation for the General Fund position for 24/25.

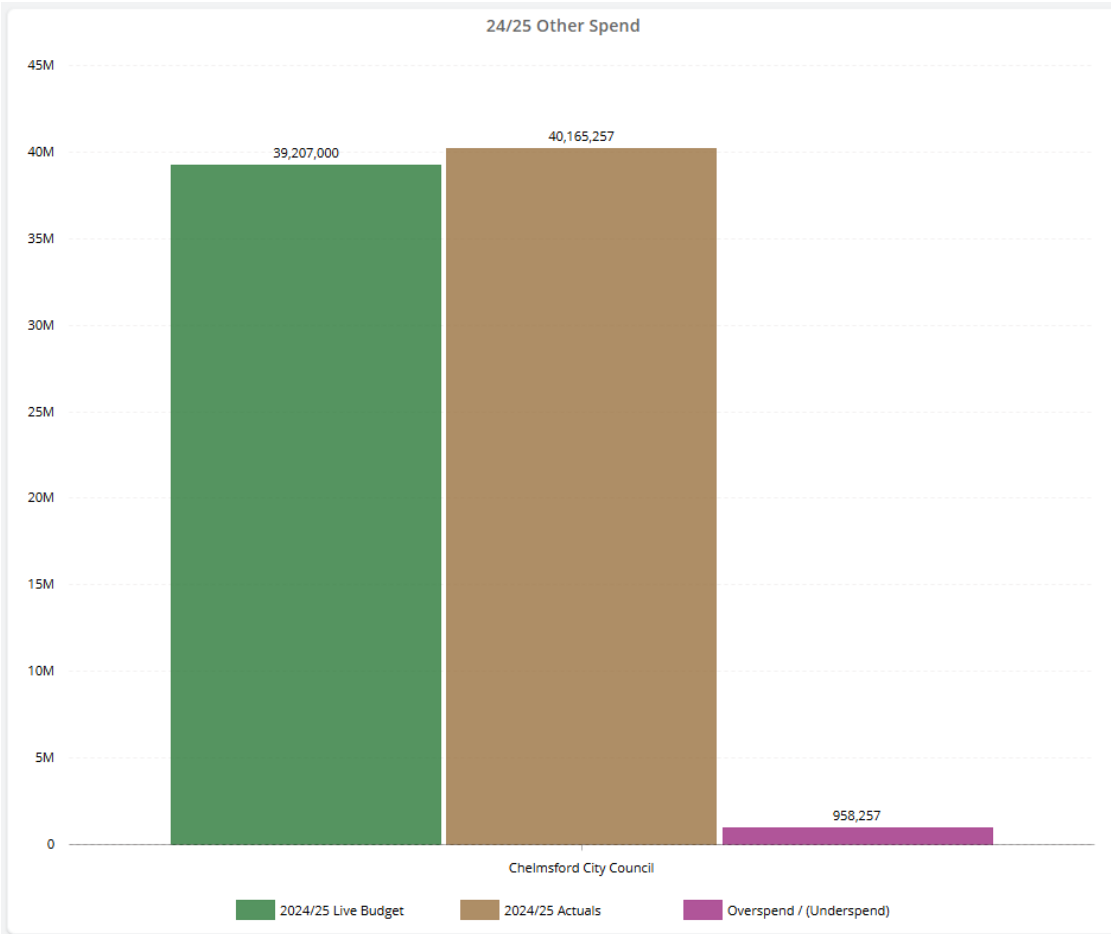
The ongoing impact of these variations is less than the £3.89m as a significant amount has already been allowed for in the 25/26 budgets. A separate appendix to this report provides detail on the potential ongoing implications of the outturn position, both positive and negative.

# Chelmsford City Council Variances - 2024/25 Outturn Report - Service Level

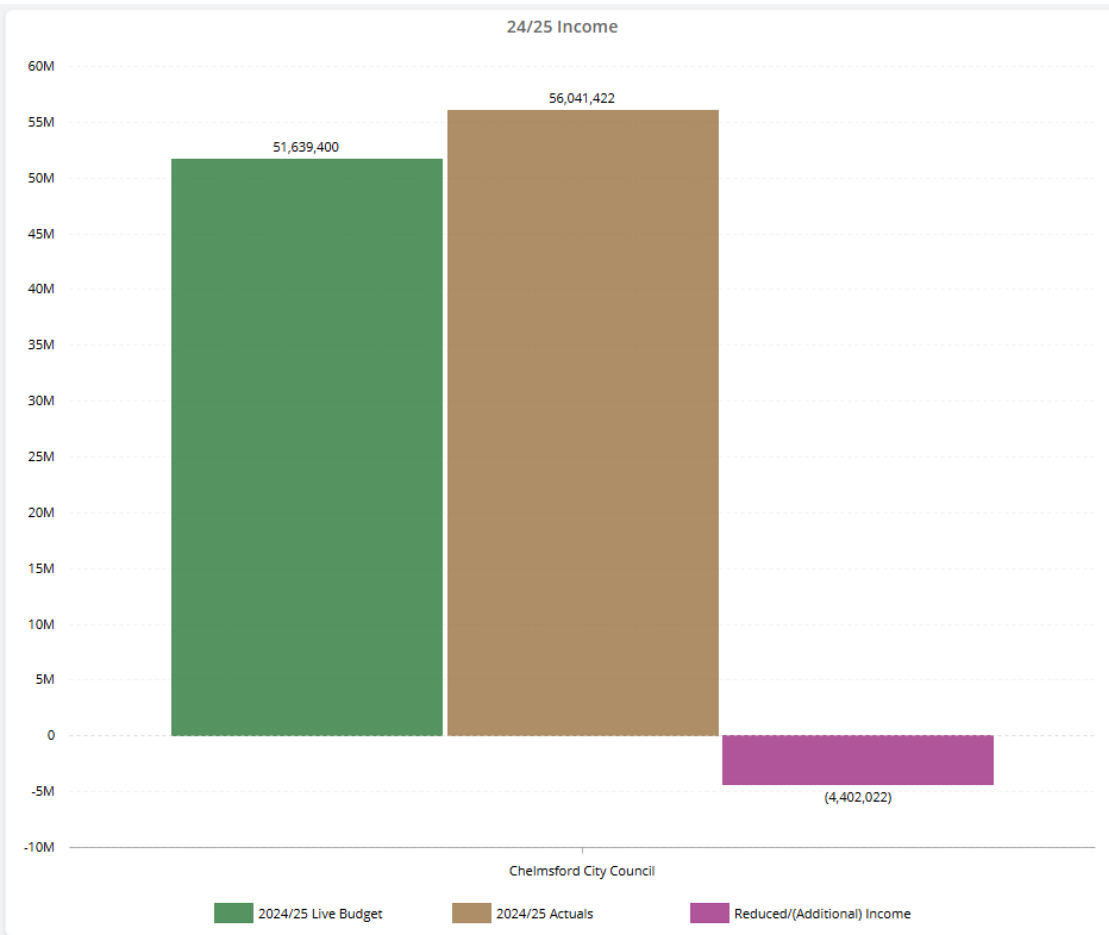


Employee Key Variations, Actions and Risks		
Variations	Actions	Risks
<b>£372k overspent</b> on casual staff which is predominantly offset <b>by additional income (£259k Leisure, £75k Theatres, £38k other)</b>	Leisure and Theatre budgets have been realigned as part of the 25/26 Original Budgets to increase employee budgets and income budgets.	Casual budgets continue to over-spend without the corresponding increase in income budgets.
<b>£412k overspent</b> on overtime/additional hours across the Council (£162k Recycling & Waste, £72k Leisure, £44k CCTV, £134k other) <b>£42k is offset by additional grant income</b> in PHPS	Recycling and Waste budgets have been realigned as part of the 25/26 Original Budgets to increase employee and income budgets.	Overtime budgets have overspent in 24/25 by more than the corresponding realignment for 25/26 budgets, so there is a risk some of the over-spend will continue
<b>£403k net overspend</b> on agency staff/contractors not fully offset by corresponding vacancies or income (£226k Recycling & Waste, £42k Benefits & Revenues, £78k Housing Standards, £57k other) <b>£117k approved by supplementary estimate, £62k offset by additional grant income</b>	£57k has been approved as a supplementary estimate for Benefits & Revenues, with a further £60k approved for Housing Standards	Overspends are ongoing or not offset by vacancies, or sickness levels increase to result in more temporary staff appointments
<b>£221k overspent</b> due to savings put forward as part of the 24/25 budget not being achieved	These have been reviewed for 25/26 Original Budgets to determine whether they are achievable in future years	Savings have had to be partially added back into the budget from 25/26 onwards as unachievable
<b>£92k overspend</b> due to agency staff spend relating to the Planning Skills Delivery Fund <b>offset by income below</b>	Ensure spend is in line with income received	Income does not match expenditure
<b>£400k approved overspend</b> due to 24/25 pay award	Review pay line for 25/26 and budget provision	Future pay awards continue to be more expensive than the budget provision
<b>£118k overspend</b> due to one-off employee leaving costs	One-off in nature	Minimise one-off costs wherever possible
<b>£603k net underspend</b> due to vacancy factor being achieved ((£127k) Customer Services, (£148k) Building Control, (£171k) Parks, (£184k) PHPS, (£67k) Procurement & Insurance, (£94k other))	Review for future years as part of the MTFS	Vacancies do not materialise at the same levels in future years

Of the £1.4m overspend on employee costs, £400k has been approved for the pay award, £117k has been approved by supplementary estimates, £118k relates to one-off leaving costs, £221k relates to savings not achieved and approximately £602k is offset by additional income. The £40k balance are underspends largely due to vacant posts occurring throughout the year.



Other Spend Key Variations, Actions and Risks		
Variations	Actions	Risks
<b>£1,035k underspent</b> on Electricity and Gas budgets due to lower unit prices than budgeted	The budgets for 24/25 were supported by £681k of specific reserves. So £354k of the £1,035k lower cost impacts on general reserve. This is reflected in reserves below.	Unit prices rise again to higher levels seen during the start of the Ukraine war. This risk is mitigated through purchasing energy over a longer period.
<b>£856k additional spend</b> on Theatres operational spend due to increased activity, offset by additional income, for a <b>net additional income of £528k (£65k of which relates to Cultural VAT Exemption Income)</b>	Budgets were realigned for 25/26 to reflect the higher levels of activity, this will be reviewed again as part of the MTFS	Larger shows are not programmed in for future years The Cultural VAT Exemption from HMRC is not approved
<b>£2,051k underspent on TA</b> due to reduced case load compared to budget (predominantly subsidy loss and payments to landlords/TA providers), <b>offset by reduced income of £832k for a net underspend of £1,219k</b>	Budgets were realigned for 25/26 to reflect the latest cost per case and TA projections at the time, this will be reviewed again as part of the MTFS	Cost per case increases significantly in line with higher charges from TA providers or caseload increases beyond current budget forecasts
<b>£1,321k additional spend</b> on various grant schemes which is <b>fully funded by increased income below (£133k PHPS, £328k Housing, £87k Garden Communities, £225k UKSPF, Waterside £465k, £67k RAMS, £16k Planning)</b>	Assess whether any grant income and expenditure is ongoing for future budgets as part of the MTFS	Grant income falls away but the associated expenditure is still required in future years
<b>£261k overspent</b> on vehicle fleet costs across the Council (excluding fuel), predominantly due to increased costs of parts for repairs and maintenance of vehicles	Budgets were assessed and realigned as part of the 25/26 Original Budgets, but a further review will be required as part of the MTFS	Repair costs continue to outstrip budgets due to inflationary increases
<b>£265k overspent</b> on Leisure and Heritage Services reactive and cyclical maintenance	An allowance for inflation was included in 25/26 budgets, this will need to be reviewed again as part of the MTFS	Costs outstrip inflation provision allowed for in the budgets
<b>£455k one-off overspend</b> due to an increase to the court cost bad debt provision reflecting a review post pandemic and a wider review of Council Tax arrears as a whole	The budget for 25/26 has been established at a lower level than the actual for 24/25 to reflect the catch up in 24/25	Provisions do not cover unrecoverable amounts of debt
<b>£262k overspent</b> on consultant and counsel fees for public inquiries	Minimise these costs wherever possible	Further public inquiries occur that don't result in 35% affordable housing
<b>£295k overspent</b> on software licences across the Council	Budgets were increased for 25/26 by £130k so a further review will be needed	Contract prices increase above inflation
<b>£673k overspent</b> on capital spend written back to revenue for various schemes offset by reserves use below	Assess capital schemes for 25/26 and the risk of further spend being written back	Abortive costs of capital schemes cannot be capitalised
<b>£514k underspent</b> on Business Rates for vacant properties as the Council is not liable during refurbishment works	Assess forward plan of property work to see if future vacant periods could occur	Once works are complete the Council becomes liable until tenants are found
<b>£170k overspent on other expenditure</b> across the Council	Work with the services to identify if anything is ongoing	

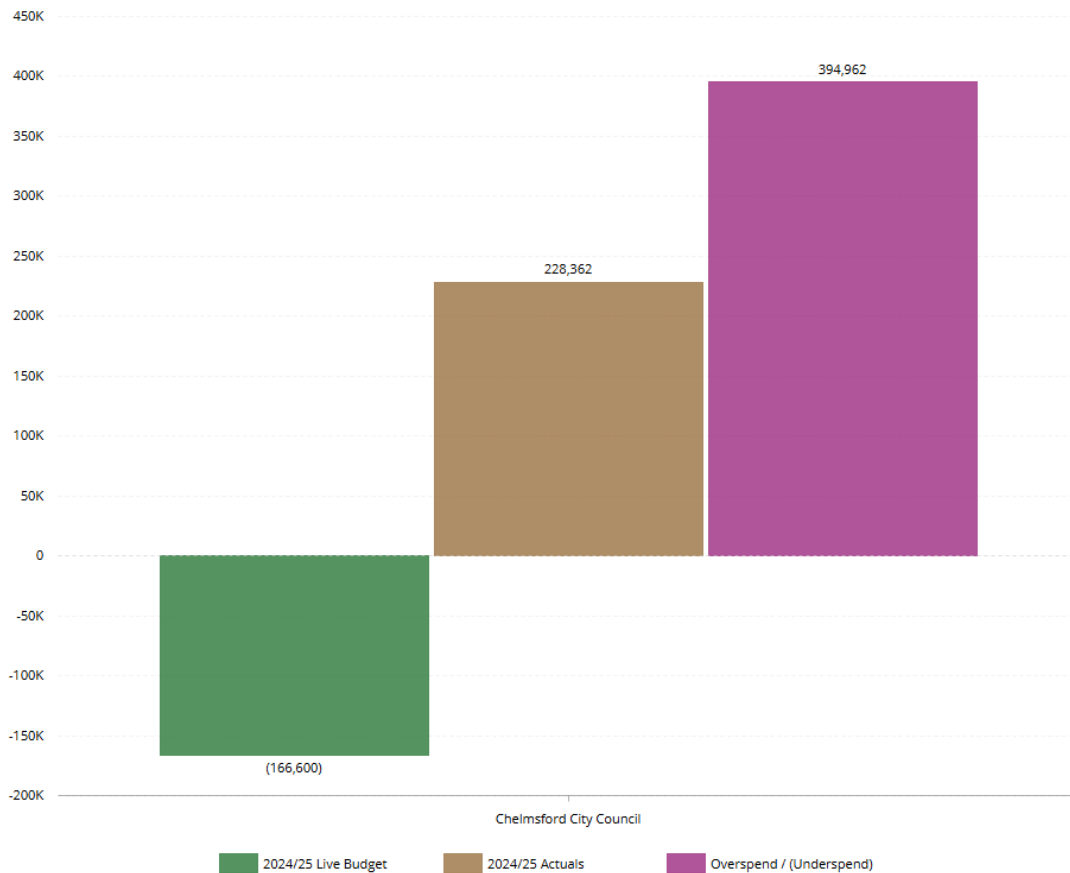


## Income Key Variations, Actions and Risks

Variations	Actions	Risks
<b>£1,520k additional income</b> at the Theatre due to increased activity and cultural VAT exemption income (£419k), offset by additional spend, for a <b>net additional income of £528k</b> . The Original Budget included £354k worth of cultural exemption income, so the net position for the Theatre is a £65k gain on cultural exemption income and a £463k gain excluding this	Theatre budgets were realigned as part of the 25/26 Original Budget to reflect the increased activity levels, a further review will be completed for the MTFS given the increased income levels from 24/25	Larger shows are not programmed in for future years. Cultural VAT exemption is broadly agreed by HMRC representing £419k worth of income to the Council, though there remains some limited risk around this.
<b>£529k additional income</b> from recycling sales and credits and additional Food Waste grant. The majority of this is due to the increased price of glass which was set to the end of 24/25	Budgets were realigned as part of the 25/26 Original Budget to increase employee and income budgets, this will be reviewed again as part of the MTFS	Recycling sales income is volatile due to price and tonnage changes, the price agreed for glass sales in 25/26 for example is lower than the price for 24/25
<b>£753k additional income</b> from sports centre income due to increased memberships and activity levels, <b>this is partially offset by additional staff spend above</b>	Leisure budgets have been realigned for the 25/26 Original Budget to increase employee and income budgets, this will be reviewed during the MTFS as further income could be realised	Memberships or general activity levels drop off without the corresponding decrease in employee spend
<b>£390k additional</b> car parking income, predominantly due to short stay throughput increases and season ticket increases	Additional throughput income was added to 25/26 budgets, the balance will be reviewed during the MTFS	Customer trends and habits change resulting in reduced parking income
<b>£2,506k additional income</b> from various grant schemes across the Council, <b>partially offset by additional spend above</b> (Housing £1,210k, PHPS £233k, Waterside £465k, Planning £259k, UKSPF £274k, £65k other)	Assess whether any grant income and expenditure is ongoing for future budgets as part of the MTFS	Grant income falls away but the associated expenditure is still required in future years
<b>£832k reduced income</b> from TA rental income due to reduced caseload compared to the budget, <b>offset by reduced spend above of £2,051k for a net underspend of £1,219k</b>	Budgets were realigned for the 25/26 Original Budget to reflect cost per case and TA projections, this will be reviewed again as part of the MTFS	Cost per case increases significantly in line with higher charges from TA providers or caseload increases beyond current budget forecasts
<b>£286k reduced income</b> from Planning, Building Control and Local Land Charges due to the slowdown of the market	Building Control and Local Land Charges budgets were realigned for 25/26, this will be reviewed further during the MTFS	Income falls further with further changes to the market
<b>£511k reduced income</b> at the Crematorium due to lower mortality rate and increased competition across Essex	Budgets were realigned for 25/26, this will be reviewed during the MTFS	Further competitors come to the market
<b>£211k additional income</b> at Hylands House relating to weddings, hires and additional events	Review with the service as part of the MTFS to assess whether ongoing	Gains are one-off in nature
<b>£144k additional income</b> from Garden Waste subscription charges introduced in March (4 weeks of income)	Review with the service as part of the MTFS to assess any ongoing gain	Numbers signing up to the service drop-off or do not renew next year



24/25 Net Spend (HB Subsidy excluding TA Subsidy Loss)



Comments - HB Subsidy (excluding TA Subsidy) Loss Variations

The net budget for HB subsidy (excluding TA Subsidy Loss) is a net surplus of £166,600 due to the way the scheme operates from the government. However, we are now expecting the scheme to be in an ongoing deficit position due to the reasons below.

The overspend of £395k is made up of the following variations

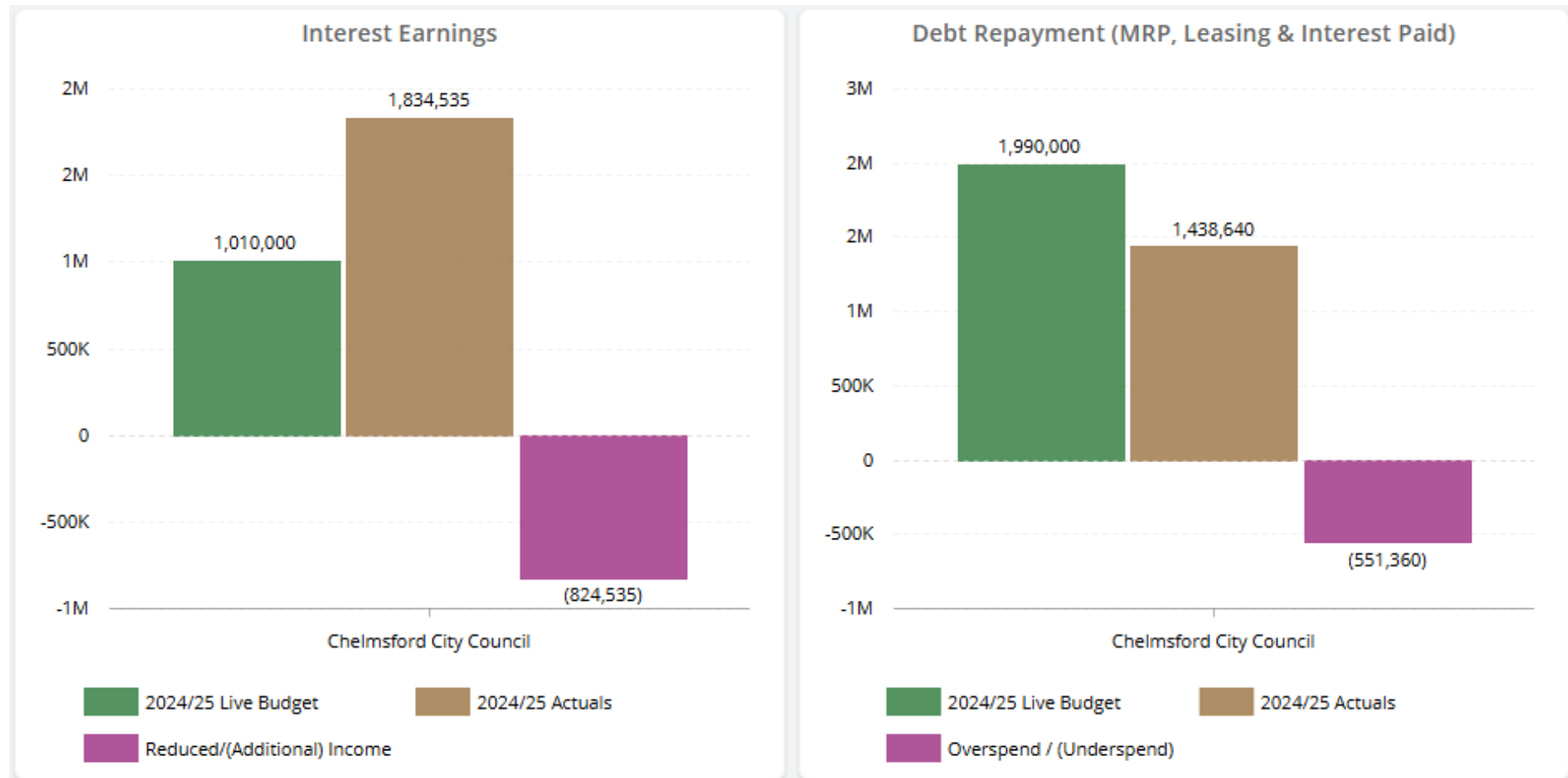
- £429k overspend due to higher levels of supported housing and other technical adjustments
- £20k under budget on HB overpayments bad debt provision due to changes in operation of reclaiming the debt with DWP being slower than first thought with more cases still to move over to Universal Credit
- £14k under budget on other net Subsidy movements

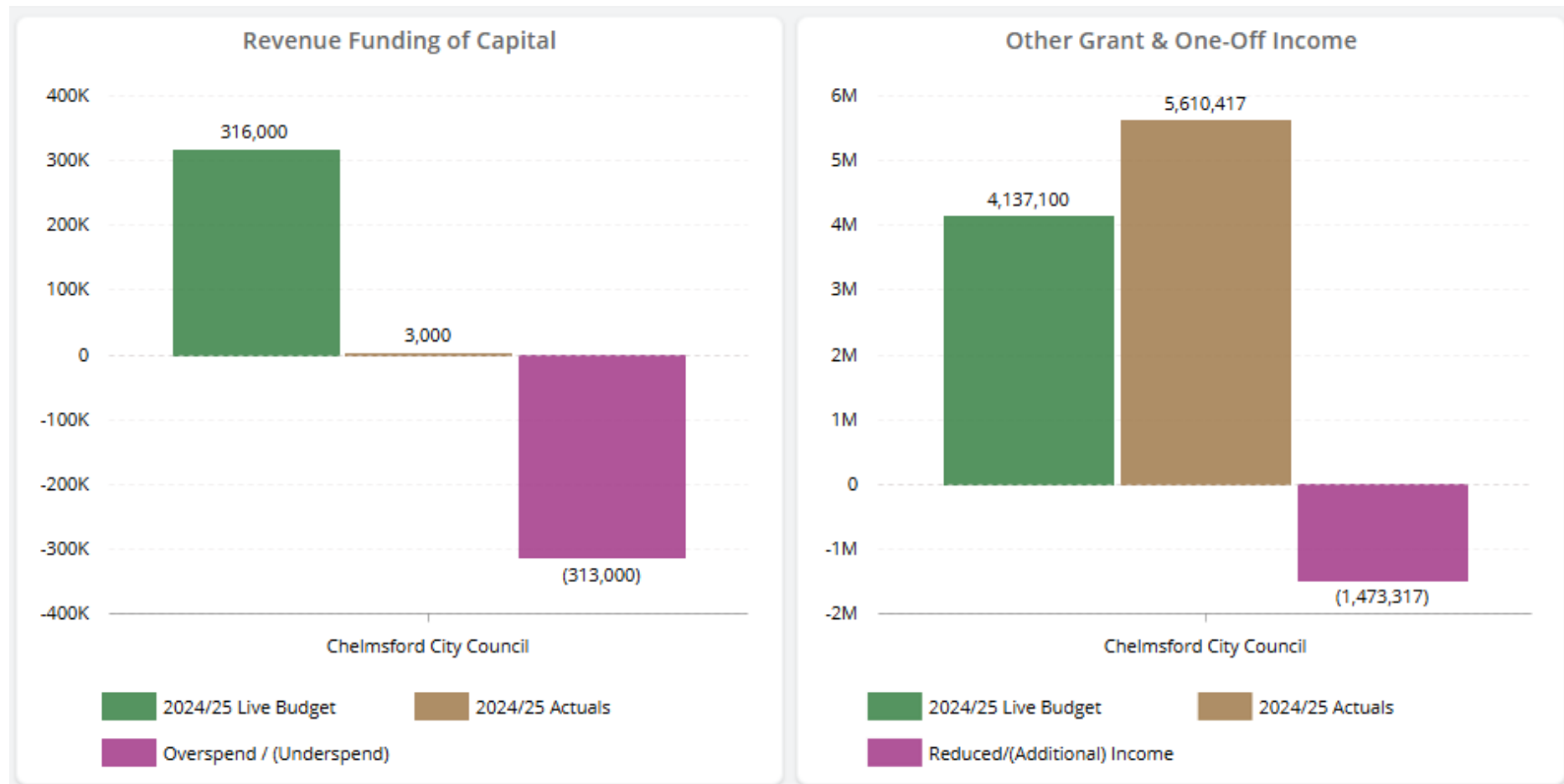
Much of the above is an ongoing change and so will need to be reflected in the MTFS and future budgets

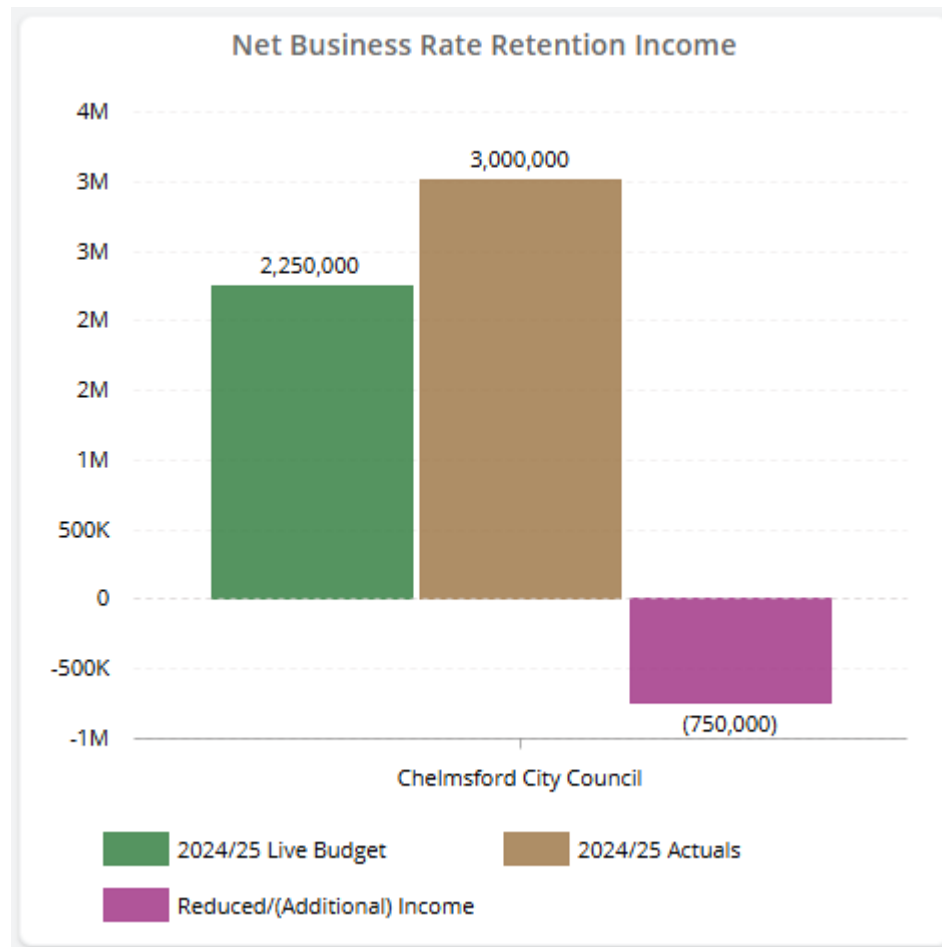
Service Overspend/(Underspend) Including HB Subsidy

(£1,631,229)

## Chelmsford City Council Variances - Non-Service Level Income & Expenditure







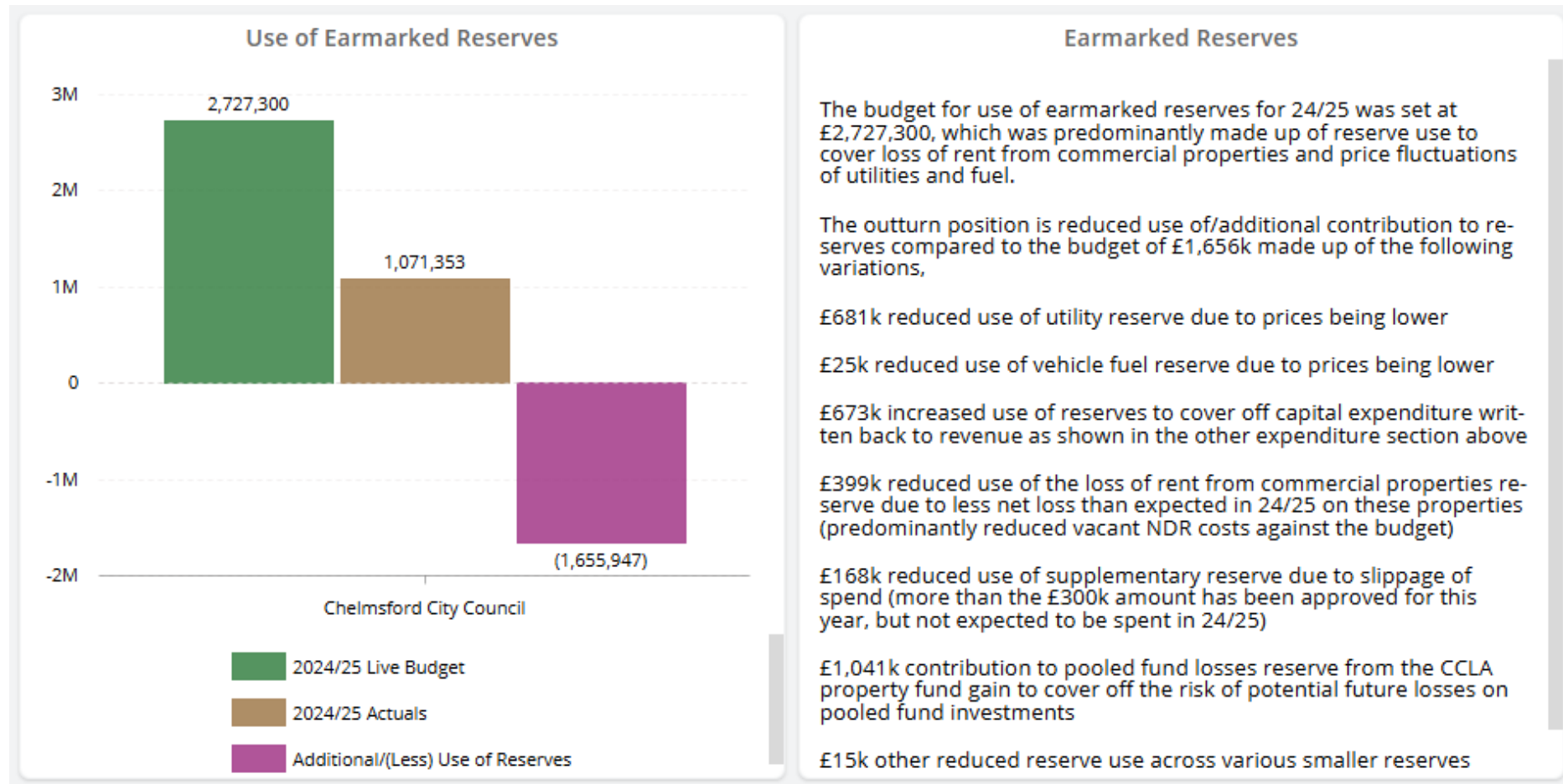
## Chelmsford City Council Variances - Non-Service Level Income & Expenditure

Variations	Actions	Risks
<b>£825k additional income</b> from interest earnings due to slippage of spend and holding some one-off contributions (reported to TMISC further)	Review the Council's portfolio of investments and borrowing to maximise income and minimise cost	Spend increases, reducing cash balances and therefore interest earnings, whilst also increasing the likelihood of needing to borrow
<b>£551k underspent</b> on Debt Repayment due to slower timing of expected borrowing	Review the Council's portfolio of investments and borrowing to maximise income and minimise cost	Spend increases, reducing cash balances and therefore interest earnings, whilst also increasing the likelihood of needing to borrow
<b>£313k underspend</b> on Revenue Funding of Capital due to the delaying of spend which will now occur in future years	Maximise the most cost effective use of funding and reserves for capital spend	Additional capital expenditure is written back beyond the value held in reserves to cover this risk
<b>£1,041k additional income</b> from one-off gain on disposal of property fund investment offset by contribution to reserves below	This has been fully contributed to a new reserve below to offset the risk of future losses on other cash investments	Cash investments in funds lose more in capital value than the reserve covers
<b>£432k additional income</b> from one-off grant income, predominantly related to Business Rates	Review whether any of this gain is ongoing for the MTFs	The reset of the retention scheme in 26/27 removes this gain completely
<b>£750k additional</b> Net Business Rate Income	£0.75m extra income to General balance, with another £0.3m transferred to the business rate contingency reserve.	The Government has confirmed it will reset the retention scheme in 26/27 resulting in a possible £2.25m loss to service budget funding. Manage risk via specific contingency.

Non-Service Overspend/(Underspend)

(£2,870,984)

## Chelmsford City Council Variances - Reserves



## Chelmsford City Council Variances - Reserves

### General Fund

The use of General Fund Original budget was set at £1,516,700 for 24/25. The outturn position is a contribution of £2,371k, **£3,887k better than the budget**. The key variations that make us this amount are as follows:

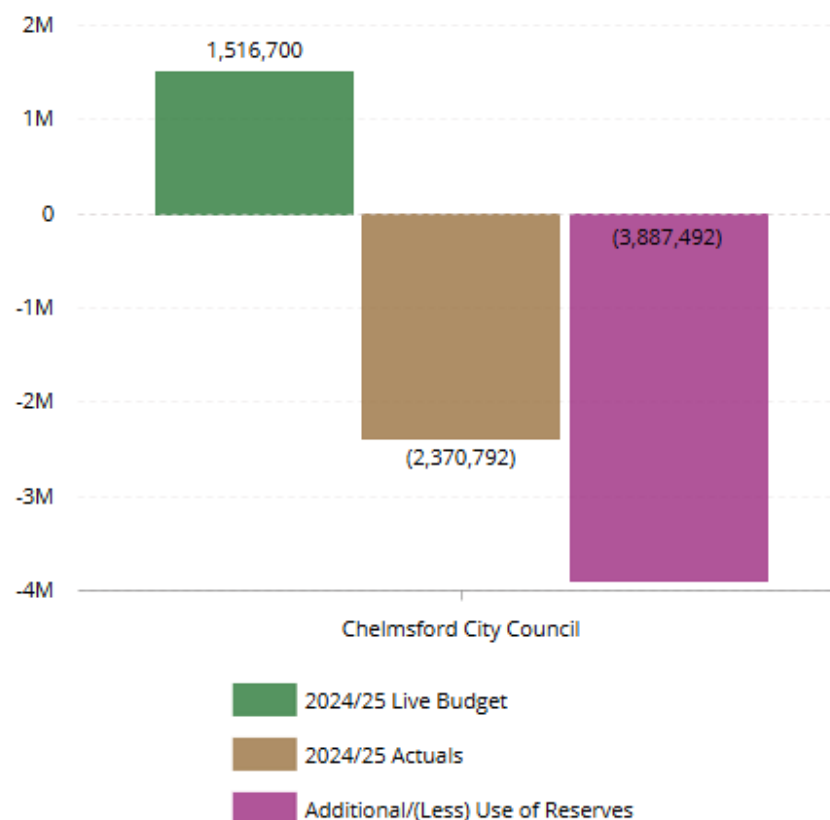
#### Favourable Variations:

- £1,291k net underspend on TA costs due to reduced households and cost per case compared to budget
- £750k additional Business Rate Retention income released to the General Fund
- £916k additional net service income from various one-off grant schemes (predominantly housing related)
- £1,376k additional interest earnings and reduced interest/borrowing costs
- £354k net underspend on utilities
- £753k additional income from Leisure centres
- £528k additional net income from the Theatre (including £65k gain due to the Cultural VAT Exemption scheme)

#### Adverse Variations:

- £400k estimated overspend due to the additional cost of the approved pay award
- £511k reduced income at the Crematorium due to lower mortality rate and increased competition across Essex
- £821k overspend on vehicle fleet, building maintenance and software costs to be investigated
- £395k overspend on HB Subsidy (non TA related)

### Use of General Fund (Unearmarked Reserves)



## **Revenue Outturn 24/25 – Potential Ongoing Budget Changes**

The below appendix outlines the initial findings of potential ongoing changes that could be made to the Council's budgets following the 24/25 outturn position. There are favourable and adverse variations, with some of the changes needing further investigation with the services throughout the budget process. **Figures are indicative** for the ongoing impact given the need to undertake a more robust review.

The information is split between service budgets and non-service budgets, with service budgets split across employee expenditure, other expenditure and income as with the overall outturn summary page in the first appendix to this report.

### **Service Level Changes**

#### **Employee Expenditure**

- **Recycling & Waste** – net overspend on staffing as a whole for 24/25 was £468k. Of this figure, £149k was due to the 24/25 pay award and so is reflected in 25/26 budgets onwards. A further £63k was due to one-off leaving costs so not ongoing. Realignment was made for 25/26 budgets between employee spend and income totalling £209k for Recycling and Waste. Initial assessment subject to review; **Ongoing impact additional cost of £50k per year.**
- **Leisure and Theatre** – realignments were allowed for in the 25/26 original budgets between income and expenditure to allow for additional customers/events. Further realignments look possible given the net outturn position on these areas for 24/25; **Ongoing net impact assessed in income section below**

#### **Other Expenditure**

- **Vehicle Fleet Repairs Costs** – net overspend on vehicle fleet costs (excluding fuel shown below) across the Council in 24/25 was £314k, predominantly due to increased costs of parts for repairs and maintenance of vehicles. An allowance of an additional £178k was added to 25/26 budgets. Initial assessment; **Ongoing impact additional cost of £140k per year.**
- **Vehicle Fuel Costs** – net underspend across the Council in 24/25 of £53k. Budgets were reduced by £76k for fuel for 25/26 with the price of fuel expected to drop compared to 24/25 average prices. There is the possibility of further gains in 25/26 due to a new price being negotiated on the HVO contract, so this will be reviewed with the service once more info is known; **Ongoing impact to be assessed (expected saving)**
- **Building Maintenance Costs** – net overspend of £189k across the Council due to more than anticipated urgent repairs taking place in 24/25. Building Maintenance budgets have been historically overspent, with £67k additional budget added in for 25/26; **Ongoing impact to be assessed (expected cost)**

- **Software Licences** – net overspend across the Council in 24/25 was £295k. Budgets were increased in 25/26 by £130k to allow for some of this increase, and some of the costs in 24/25 related to one-off costs for upgrades;  
**Ongoing impact to be assessed (expected cost)**
- **Theatre** – realignments were allowed for in the 25/26 original budgets between income and expenditure to allow for additional/bigger shows. Further realignments look possible given the net outturn position on these areas for 24/25; **Ongoing net impact assessed in income section below**

## Income

- **Theatre** – net additional income in 24/25 of £528k for the Theatre against the budget. A small proportion of this gain (£65k) was in relation to additional cultural VAT income, but the remainder (£463k) was additional net income for the Theatre. Overall, some £419k of theatre income in 2024/25 is from VAT savings on cultural exemption, which has now been broadly agreed with HMRC, though an element of risk to income remains; **Ongoing impact to be assessed being dependant on future programme (expected to be additional income).**
- **Leisure** – net additional income in 24/25 of approximately £422k for sports centres against the budget. Realignments were made for 25/26 budgets totalling £276k additional net income, so the balance of £146k will be investigated with the service. Due to the nature of the income received from leisure, there is a chance the gain could be higher than the £146k as the monthly amount of income received from memberships is still currently on an upward trend; **Ongoing impact to be assessed (expected to be additional income of between £150k-£300k).**
- **Car Parks** – net additional income in 24/25 of £390k against the budget due to increased throughput and the fees and charges increasing applying for part of the year. Additional throughput income of £251k was added to 25/26 budgets, so the car parks income model will be updated as part of the budget process to assess whether further throughput changes can be made; **Ongoing impact to be assessed (expected to be additional income of between £50k-£140k).**
- **Grant Income** – just over £900k worth of net grant income was received above the budgeted level in 24/25. Although a significant proportion of this was one-off, there is scope that some of these grants remain in future years and so this will be assessed further. Officers expect that some form of asylum grant funding will be ongoing, with £464k already identified to be received for 25/26; **Ongoing impact expected to be additional income of £460k**
- **Garden Waste Subscription Charges** – approximately £103k additional net income was realised in 24/25 for the garden waste subscription charges introduced in early March. Early indications are that the levels of income for 25/26 and onwards are significantly above the £1.3m net budget. Once expenditure budgets are taken into account, the income budget for 25/26 for garden waste subscription charges sits at £1.42m, with nearly £2.2m received for 25/26 already. This will be reviewed as part of the budget process to

assess the level of ongoing additional income that can be added to budgets; **Ongoing impact to be assessed (expected to be additional income of between £700k-£900k).**

- **Cemetery & Crematorium** – net reduced income in 24/25 against the budget of £511k due to lower mortality rate and increased competition across Essex. Reduced throughput led to 25/26 budgets being reduced by £299k, so it looks like a further adjustment is necessary, this will be reviewed with the service based on the latest throughput data throughout the budget process; **Ongoing impact to be assessed (expected to be lower ongoing income circa £210k)**
- **Hylands House** – additional income of £211k was realised in 24/25 against the original budget which is offset by some additional costs. An additional £56k was added to 25/26 original budgets, so there could be scope for further increases if wedding and event numbers continue; **Ongoing impact to be assessed as it is currently unclear how much could be one-off factors.**

### **Non-Service Level Changes**

**Interest** – both interest income and interest paid in 24/25 saw favourable variations at outturn, with £825k additional interest income and a £501k underspend on interest paid. Although some of this gain was because of holding one-off cash for longer than expected, there has still been a historical trend of realising more income and reduced spend. A more upside approach has been already added to 25/26 budgets, but this will need to be reviewed again as part of the budget process; **Ongoing impact (expected to be minimal due to changes in cashflow and interest rates)**

**Business Rates** – additional income of £750k was realised in 24/25 but this a provisional position depending on the whole Essex pool. The budget for business rate retention has remained at £2.25m for 25/26, but given the uncertainty surrounding the reset of the business rates system happening in 26/27, there currently isn't any scope to change these budgets; **Ongoing impact will be determined by Government funding announcements which may not be fully known until Christmas 2025, however, it is expected to be a significant loss.**

<b>Description</b>	<b>Downside Case</b>	<b>Upside Case</b>
	<b>£000s</b>	<b>£000s</b>
<b>25/26 Budget Report Forecast gap for 26/27</b>	<b>2,579</b>	<b>2,579</b>
Recycling & Waste Staffing Costs	50	0
Vehicle Fleet Repair Costs	140	140
Vehicle Fuel Costs	0	(50)
Building Maintenance Costs	120	50
Software Licence Costs	100	50
Theatre Net Income	(250)	(460)
Leisure Net Income	(150)	(300)
Car Parks Income	(50)	(140)
Grant Income	0	(460)
Garden Waste Subscription Charges	(700)	(900)
Cemetery & Crematorium Income	210	210
Hylands House Income	0	(100)
<b>Updated Forecast gap for 26/27</b>	<b>2,049</b>	<b>511</b>

## Usable Reserves Projections

## Earmarked Reserves

## Corporate Investment

	24/25 Latest Forecast (Feb Council Report)					24/25 Provisional Outturn					Comments on Variation
	Provisional /Opening Balance	Budgeted (use of)/ contribution to reserves	Forecast adjustments	Budgeted Transfers	Closing Balance	Actual Opening Balance	Actual net (use of)/ contribution to reserves	Transfers	Closing Balance	Variation (Closing Balance)	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Cultural Support Fund	57				57	57	-47		10	-47	Contribution to Culture Chelmsford
Local Development Framework Growth Fund	1,040	-225	-50		765	1,040	-333		707	-58	Slightly increased Local Plan spend than forecast
	0				0	0			0	0	
Carry Forwards & Supplementary Estimate Reserve	0	-300	273	300	273	0	-132	300	168	-105	Increased supplementaries since budget report
Housing Initiatives	0				0	0			0	0	
DPO Reserve	79	-8			71	79	-79		0	-71	Funding of one-off staff costs and website migration costs - reserve now fully spent
Hylands House Reserve	3				3	3			3	0	
Master Plan Income	0				0	0			0	0	
	1,179	-533	223	300	1,169	1,180	-591	300	888	-281	

## Capital Programme

Project Evaluation Reserve	175		-35	37	177	175	-35	37	177	0	
Sinking Fund for Let Property	50	50			100	50	50		100	0	
Infrastructure Fund	715		-715		0	715	-673		42	42	
											Reserve now earmarked for future year spend given outturn position on Capital and most beneficial application of funding
Chelmsford Development	2,024	-257	-644		1,123	2,024	-21		2,002	879	
	2,964	-207	-1,394	37	1,400	2,963	-679	37	2,322	922	

## Risk Management

Insurance	898	-50			848	898	-50		848	0	
New: Investment Reserve	0		1,041		1,041	0	1,041		1,041	0	
Pension Deficiency	1,057			183	1,240	1,057		183	1,240	0	
Park and Ride	258				258	258	40		298	40	
Vehicle Fuel Reserve	604	-25	25	-280	324	604		-280	324	0	
Utility Costs Reserve	1,573	-682	682		1,573	1,573			1,573	0	
Business Rate Retention Reserve	6,491	-5	940		7,426	6,492	1,006		7,497	71	Timing difference for amounts to be paid out in 25/26
Rent Income (Temporary Loss of Tenant)	0	-1,231	153	2,475	1,397	0	-832	2,475	1,643	246	Net spend for Eagle House and 1 Springfield Lyons not as large as thought so less reserve use needed
	10,881	-1,993	2,841	2,378	14,107	10,882	1,205	2,378	14,464	357	

## Total Earmarked Reserves

## Unearmarked Reserves

General Fund & Contingency	14,607	-1,515	1,407	-2,715	11,784	14,636	2,371	-2,715	14,292	2,508	Underspend at service and non-service level leading to a significant contribution to the general fund balance at year end compared to forecast
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Recommended level £9m

	14,607	-1,515	1,407	-2,715	11,784	14,636	2,371	-2,715	14,292	2,508	
Total reserves	29,631	-4,248	3,077	0	28,460	29,661	2,305	0	31,966	3,506	

### Supplementary Budgets Approved during 2024/25

Description	Amount requested	Part Year Effect for 24/25
Revs & Bens Agency Staff Cover	£57,400	£57,400
Housing Standards -Agency staff	£132,800	£16,000
Theatre Marketing Provision	£15,800	£15,800
Theatre Technicians	£92,800	£0
Local Land Charges transfer of data to new system	£35,000	£16,000
Revs and Bens Pro Print Licence Upgrade	£31,400	£26,500
<b>Total</b>	<b>£365,200</b>	<b>£131,700</b>

Amount Available	£300,000
Allocation Overspent by	£65,200